

*City of Alexandria, Virginia*

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MEMORANDUM

DATE: APRIL 8, 2002

TO: THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: BUDGET MEMO #~~17~~<sup>17</sup>: ALTERNATIVE TO PROPOSED REVISIONS TO THE RATE STRUCTURE FOR CITY PARKING GARAGES AND LOTS

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Revisions to the current parking fees at City-owned garages and lots were recommended to City Council in Budget Memo #4, dated March 15, 2002. At the March 20 budget work session, staff were requested by Councilwoman Woodson to develop an alternative fee structure that would reduce the proposed revisions' impact on City employees, without reducing the amount of revenue to be generated by the proposed new fees.

In response, the following alternative has been developed.

- Reduce the City-employee monthly rate of \$90, as proposed in Budget Memo #4, to \$75. This would represent a \$5 increase from the current rate of \$70. The revenue lost with this change from \$90 to \$75 is about \$9,000.
- Increase monthly parking rates for non-City employees by an additional \$5 over the proposed increase in Budget Memo #4. The new rates would vary by location. With this additional \$5, the increase from the current rates would range from \$10 to \$35 per month depending on the location. This additional \$5 increase would generate an additional \$26,000 per year. The Union Street garage fees would not be increased by this additional \$5 since they would then be higher than some of the rates charged by private garages in the immediate area.
- Due to the greater number of monthly parking spaces available to non-City employees than City employees, the \$5 increase in non-City employee rates and the \$15 reduction in City employee rates (from those originally proposed) would generate a net amount of \$17,000 per year. To make this option about revenue neutral, the non-City rates could be increased by \$2 per month instead of \$5 per month.

- No other adjustments to the rates proposed in Budget Memo #4 are included in this alternative.

The parking fees originally proposed in Budget Memo #4 are still recommended for the following reasons:

- Even with the proposed \$15 increase, monthly rates for City employees remain significantly below the monthly rates offered at private garages, as well as below what non-City parkers would pay at City garages.
- The rates proposed in Budget Memo #4 and the ability to pay these rates through payroll deduction on a pre-tax basis makes the net parking cost about the same for employees as it was before the pre-tax deduction for parking started in 2001. For example, the \$70 per month rate in place before 2001 was reduced to an out-of-pocket amount of about \$56 per month when the pre-tax payroll deduction was put in place. At the \$90 per month proposed rate, the new out-of-pocket amount will be approximately \$72. (This assumes about a 20% Federal/State tax bracket). This means that the out-of-pocket cost at \$90 monthly rate is about \$2 more than it was at a \$70 rate before the pre-tax deduction started.
- Free employee parking will continue to be offered in the Jones Point area, and the monthly rate of \$25 at the Pitt-Oronoco lot is not proposed to change.

For these reasons, it is recommended that City-employee monthly parking rates do not change from the \$90 rate proposed in Budget Memo #4.

Staff: Mark Jinks, Assistant City Manager  
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